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SUBJECT: CHARGE'S VISIT TO MONS, BELGIUM

¶1. Summary: On March 30 Embassy Brussels Charge traveled with Embassy officers to the town of Mons in the Belgian province of Hainaut. Mons is a major town in the French-speaking Wallonia region of Brussels. The Charge met with the Governor of Hainaut Province, a city councilman of Mons, and the management of a U.S. company operating near Mons, Dow Corning. He also spoke to a group of about 150 students at the University of Mons-Hainaut. Mons is one of the most economically depressed areas of Belgium, with unemployment likely exceeding 20 percent, a large Muslim population, and very limited, if any, government efforts to facilitate integration or prevent radicalization. U.S. businessmen operating there are pessimistic on a return to economic growth before 2010, based on sales of a product that serves as a leading economic indicator. End Summary.

PROVINCIAL GOVERNMENT

¶2. Claude Durieux, Governor of Hainaut Province, told Charge that the province has a special connection with the United States because of the presence of SHAPE, NATO's military arm, and the U.S. Air Base at Chievres. Durieux said the area hosts about 3000 U.S. service members and their dependents all told. The two military installations contribute significantly to the local economy. The city of Mons and the province make it a point to welcome and give an orientation tour to the spouses of newly-assigned service members.

¶3. Durieux said that the historical basis of Hainaut's economy was coal and steel production, but that the province went into a crisis in the early 1960's as those industries became uneconomical. One major handicap cited by Durieux is lack of English language capabilities among workers. However, EU assistance is helping to strengthen the University in Mons and addressing that problem. The provincial government has established a "one stop shop" for licenses and permits to make starting a business easier. It provides some incentives for new businesses that vary depending on the number of jobs created. Also, he said, the government has created an "enterprise zone" and is happy to have U.S. investment like the Dow Corning silicone production plant which Charge visited later in the day. The trend is toward new technologies, and Durieux mentioned the recent arrival of a Google installation and an innovation center established by Microsoft. The presence of Microsoft and Google is attracting the attention of other computer software companies, he said. Another advantage is the "Biopole" created at Charleroi, the other major urban area in Hainaut, which is focused on biotechnology industries. Nevertheless, Durieux continued, the unemployment rate in the province continues at a stubbornly high 20 percent. At the same time, the technical schools, which could provide salable skills to students, are losing favor with young people. He said that many young people drop out of school, having seen their parents, and in some cases their grandparents as well, live on unemployment benefits.

¶4. Mons is eager to become the "European Capital of Culture" in 2015, but it has competition from Liege for the title, which is reserved to a Belgian town for that year. Durieux is certain that Mons will prevail and that the honor will bring with it significant economic benefits. Although the governor did not mention it, the competition has created some bitterness and bad blood between the two towns.

¶5. Durieux expects the regional and European elections of June 2009 to feature some new issues, such as global warming. Durieux is a member of the Socialist Party, but he said that the ecologically based francophone political party, Ecolo, is gaining adherents, and is attracting them mostly from the Socialists. However, he said, this is not because of a particularly high level of consciousness of ecological issues, but because of dissatisfaction with corruption allegations against Socialist officials, including the former mayor of Charleroi. Trials of the Charleroi defendants will begin shortly before the June elections. At the moment, Socialists dominate the provincial government, with one representative from another party, the francophone liberals (MR). After the elections, he expects the provincial budget, now 35 million euros, to be reduced. He thinks there will be a new division of powers and responsibilities between the federal government, the three regional governments and municipalities.

¶6. Hainaut has a large population of Muslim immigrants. Although Durieux was unable to point to specific government programs to promote integration, he mentioned that a number of non-governmental organizations exist to assist the immigrant population.

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UNIVERSITY STUDENTS AND FACULTY

¶7. The Charge then visited the University of Mons-Hainaut, and its Faculty of Translation and Interpretation. The Charge presented the Embassy's film on the history of Belgian-American relations, which was well received by the students. He then led a discussion of U.S.-Belgium and Trans-Atlantic relations and took questions from students for approximately one hour. The appearance at the University was followed by a lunch with the Dean of the Faculty, Professor Alan Piette. Piette said that the faculty counts up to 500 students, who have good prospects for employment after graduation as translators and interpreters in the institutions of the European Union and elsewhere, including the UN. When the discussion turned to politics, Piette was surprisingly convinced that the chances of an eventual split between Flanders and Wallonia are rather high. He laid the blame on a "hidden agenda" among Flemish politicians in favor of separatism. Piette believed the actual unemployment rate in the region was much higher than the government's stated rate of 20 percent. Despite the high level of unemployment in Mons and Charleroi, he did not see many people returning to the universities as adults to retrain themselves and improve their chances for employment. There is no institutional obstacle to returning to school, he said, but younger students are somewhat intolerant of older, "different" students.

MONS CITY HALL

¶8. The Charge then visited the city hall in Mons, where he met Archile Salas, the city council member in charge of Festivals and Sports. Salas said that as a child of immigrants to Belgium from Greece, he is representative of the diversity of the population of Mons. He showed the Charge murals in the wedding hall of the city hall that depict the city's famous "Doudou" festival held in June, which attracts thousands of enthusiastic participants.

19. The Charge's last stop was to tour the factory owned by U.S. company Dow Corning in Seneffe, on the outskirts of Mons. The factory produces silicon for various industrial uses. With over 600 employees, the plant is one of the company's major manufacturing sites in Europe. Silicon is used in construction, healthcare and household products, and now the company is expanding into solar energy. Dow Corning's senior management discussed the company's challenges, including European chemicals registration directives (REACH), high labor costs and corporate taxes, the rapidly changing dollar/euro exchange rate, local staff training needs and the economic downturn. The company continues to operate in Belgium in part because of investment incentives from the region of Wallonia, including low-cost land, a 12 percent tax deduction on reinvested income and subsidies of 23 percent of labor costs for R&D personnel. The managers said that silicon is a leading indicator of economic activity. According to their observations, following a steep downturn in late 2008 the demand for silicon is leveling out, indicating that the worst of the recession may be coming to a close. However, based on their sales, the company thought a return to economic growth before the end of 2009 was growing increasingly unlikely. Charge and Embassy's Senior Commercial Officer offered Embassy assistance to the company to meet the challenges they talked about.

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